

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 NEA-10 IO-13 AID-05 CIAE-00
COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06
XMB-02 OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01
NSC-05 SS-15 STR-04 CEA-01 L-03 H-01 PA-01 PRS-01
/105 W

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P R 090734Z JUN 77
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 956
INFO AMEMBASSY WELLINGTON

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USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 9/9/77
TAGS: EAID, EFIN
SUBJECT: AMENDMENT OF RESOLUTION NO. 46 AND INCREASE IN CAPITAL
SUBSCRIPTION OF WESTERN SAMOA

BEGIN SUMMARY: ADB PRESIDENT RECOMMENDS THAT REQUEST OF
WESTERN SAMOA FOR INCREASE IN ITS CAPITAL SUBSCRIPTION TO
ADB BY 10 SHARES BE ACCEPTED UNDER PROVISION OF ARTICLE 5,
PARA 5, OF ARTICLES OF AGREEMENT, AND THAT BOARD OF
GOVERNORS BE ASKED TO MODIFY RESOLUTION NO. 46 TO ENABLE
SHARES TO BE MADE AVAILABLE FOR EXISTING AUTHORIZED CAPITAL
STOCK OF BANK TO MEET INCREASE REQUESTED BY WESTERN SAMOA.

END SUMMAY.

1. WESTERN SAMOA HAS APPLIED TO ADB FOR INCREASE BY 10
SHARES IN ITS SUBSCRIPTION TO BANK'S CAPITAL STOCK. ADDIT-
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IONAL SUBSCRIPTION WOULD AMOUNT TO US\$100,000 (OF WEIGHT
AND FINENESS IN EFFECT JANUARY 31, 1966) AT PAR VALUE OF
\$10,000 PER SHARE.

2. UNDER ARTICLE 5, PARA. 3, OF ARTICLES OF AGREEMENT,
BOARD OF GOVERNORS MAY INCREASE A MEMBER'S SUBSCRIPTION
PROVIDED THAT NO SUCH INCREASE WOULD HAVE EFFECT OF

REDUCING PERCENTAGE OF CAPITAL STOCK OF REGIONAL MEMBERS BELOW 60 PERCENT OF TOTAL SUBSCRIBED STOCK. SINCE WESTERN SAMOA IS REGIONAL MEMBER, PROPOSED INCREASE WILL INCREASE NOT DECREASE PERCENTAGE HELD BY REGIONAL MEMBERS.

3. ALSO, ARTICLE 5, PARA 3 PROVIDES THAT GOVERNORS SHOULD PAY SPECIAL REGARD TO SUCH REQUEST FROM ANY REGIONAL MEMBER HAVING LESS THAN SIX PERCENT OF SUBSCRIBED CAPITAL STOCK. WESTERN SAMOA PRESENTLY HOLDS 15 SHARES (SIX SHARES OF ORIGINAL CAPITAL STOCK AND NINE SHARES OF CAPITAL INCREASE UNDER RESOLUTION NO. 46), WHICH IS SIGNIFICANTLY LESS THAN SIX PERCENT OF BANK'S PRESENT TOTAL SUBSCRIBED CAPITAL STOCK OF 305,757 SHARES. PROPOSED INCREASE WOULD NOT HAVE ANY SIGNIFICANT EFFECT ON VOTING POWER OF MEMBER COUNTRIES GENERALLY.

4. BANK CONSIDERS IT APPROPRIATE TO APPLY TO WESTERN SAMOA'S PROPOSED ADDITIONAL SUBSCRIPTION SAME PROPORTIONS OF PAID-IN AND CALLABLE CAPITAL SUBSCRIPTIONS OF REPUBLIC OF KOREA, INDONESIA, MALAYSIA, CANADA AND FEDERAL REPUBLIC OF GERMANY. ON THIS BASIS, ADDITIONAL SUBSCRIPTION BY WESTERN SAMOA SHOULD COMPRISE THREE PAID-IN SHARES (\$30,000 EQUIVALENT) AND SEVEN CALLABLE SHARES (\$70,000 EQUIVALENT). OF PAID-IN PORTION, 46.25 PERCENT (\$13,875 EQUIVALENT) WOULD BE PAYABLE IN GOLD OR CONVERTIBLE CURRENCY AND 53.75 PERCENT (\$16,125 EQUIVALENT) IN NATIONAL CURRENCY OF WESTERN SAMOA. AS IN PREVIOUS SIMILAR CASES, SUBSCRIPTION PAYMENTS FOR PAID-IN LIMITED OFFICIAL USE

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SHARES MAY BE MADE IN FOUR EQUAL ANNUAL INSTALLMENTS.

5. AT PRESENT, THERE ARE 1,500 UNSUBSCRIBED SHARES OF AUTHORIZED CAPITAL STOCK (300 PAID-IN AND 1,200 CALLABLE SHARES), WHICH ARE SHARES FOR WHICH FINLAND AND SWEDEN ARE ENTITLED TO SUBSCRIBE UNDER FIRST GENERAL INCREASE IN AUTHORIZED CAPITAL STOCK EFFECTED BY RESOLUTION NO. 46. FINLAND HAS INFORMED BANK IT DOES NOT INTEND TAKING UP ITS SHARE, AND BANK UNDERSTANDS SWEDEN ALSO WILL NOT TAKE UP ITS ENTITLEMENT. IT IS PROPOSED THAT GOVERNORS BE ASKED TO RELEASE EXISTING RESTRICTION ON THESE SHARES AND TO MAKE THEM AVAILABLE FOR PURPOSES OF SPECIAL INCREASES AS WELL AS FOR INITIAL INCREASES BY NEW MEMBERS.

6. PRESIDENT RECOMMENDS THAT WESTERN SAMOA'S REQUEST FOR CAPITAL INCREASE BE ACCEPTED ON TERMS AND CONDITIONS INDICATED ABOVE, AND THAT BOARD OF GOVERNORS BE ASKED TO MODIFY RESOLUTION NO. 46 SO SHARES CAN BE MADE AVAILABLE FROM EXISTING AUTHORIZED CAPITAL

STOCK TO MEET WESTERN SAMOA'S REQUESTED INCREASE.
GOVERNMENT OF WESTERN SAMOA HAS REQUESTED EARLY CONSIDER-
ATION BY GOVERNORS OF PROPOSED INCREASE, BANK MANAGEMENT
PROOPOSES TO REUEST CABLE VOTES OF GOVERNORS ON PROPOSED
RESOLUTION IN 30 DAYS FROM TIME REQUEST IS
DISPATCHED.

7. ADB DOC. 458-77 ON ABOVE SUBJECT WAS POUCHED JUNE 9
AND WILL BE CONSIDERED BY BOARD OF DIRECTORS JUNE 28.

NAC GUIDANCE IS REQUESTED.
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Message Attributes

Automatic Decaptioning: X
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Sent Date: 09-Jun-1977 12:00:00 am
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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PRESIDENT RECOMMENDS THAT REQU
TAGS: EAID, EFIN, RP, ADB
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